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IAC-D-53/9
25 October 1957

INTELLIGENCE ADVISORY COMMITTEE

Fifth Annual Progress Report of the

Economic Defense Intelligence Committee

1 July 1956 - 30 June 1957

The Fifth Annual Progress Report of the Economic Defense Intelligence Committee (EDIC), circulated herewith for noting, will be placed on the agenda of an early meeting of the IAC.

[redacted]
Secretary

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FIFTH ANNUAL PROGRESS REPORT OF THE

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

1 July 1956 - 30 June 1957

[redacted]

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EDIC/R-4
Control No. 484451

ECONOMIC DEFENSE INTELLIGENCE COMMITTEE

FIFTH ANNUAL PROGRESS REPORT

1 July 1956 - 30 June 1957

I. INTRODUCTION

The Economic Defense Intelligence Committee (EDIC) completed five years of operation on 30 June 1957. EDIC continues to be responsible under its Terms of Reference[1] for (a) developing and furnishing intelligence to the Economic Defense Advisory Committee (EDAC), and for (b) developing closer continuous relationships among the policy, operational, and intelligence-research elements engaged in the economic defense program.

II. SUMMARY OF ACTIVITIES

EDIC's formal activities during the past year were somewhat reduced as compared with earlier years, primarily because EDAC and its immediate subcommittees were occupied, on an urgent basis, with a CFEP review of U.S. policy concerning multilateral trade controls against Communist China. For reasons of operational necessity, and in accordance with primary production responsibilities for various fields of economic intelligence allocated by DCID 15/1, the responsible individual intelligence agencies have made their respective contributions directly to the EDAC community. In this manner, substantial intelligence support was given by IAC agencies represented on EDIC, even though EDIC itself undertook relatively few assignments. Additionally, the Chairman of EDIC, as the CIA representative to the EDAC Executive Committee, participated as a member of the US Team in the recent CHINCOM discussions [redacted] on international trade controls against Communist China.

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A number of coordinated reports were prepared by EDIC, the most important being the proceedings of the Propellants Seminar, 13-14 June 1956, and a paper, requested by EDAC, on Soviet Bloc construction and procurement of merchant and fishing vessels. Several other reports were reviewed and a number were still under preparation, or nearing completion, at the end of the fiscal year (TABS A, B, C, and D).

1/ IAC-D-53/1, 25 July 1952, revised by IAC-D-53/3.1 of 25 February 1953.

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III. EDIC PROGRAM

A. Planning for Economic Warfare

EDIC discussed the instruction sent to all subcommittees of the IAC (IAC D-96/2) requesting that it examine its wartime mission and prepare, as appropriate, a wartime plan of operation. After considerable deliberation EDIC agreed (a) that there would be a wartime need for intelligence coordination in the field of economic warfare and (b) that certain aspects of economic warfare intelligence require advance planning and preparation. EDIC advised ODM through the ODM member of EDIC, that it would be difficult, if not impossible, for it to formulate plans without first knowing, in some detail, of the plans of the policy and planning agencies. It is now expected that such guidance will be received from ODM as the plans of the Committee on Mobilization Planning for Economic Warfare develop for a possible wartime Emergency Economic Agency. (See Part IV of this document).

B. Edited Transcript of Propellants Seminar, 13-14 June 1956

The most comprehensive report published by EDIC during the year was the Edited Transcript of the Propellants Seminar, 13-14 June 1956, which had been conducted under the auspices of the EDIC Working Group on Propellants and Fuel Additives. Partly as a result of the information developed by this seminar, the EDAC community was successful in placing boron on the international embargo list in October 1956.

C. Other Activities

Other intelligence reports disseminated included "Soviet Gold Sales, 1955", "Free World Deliveries of Ships to the Sino-Soviet Bloc in 1955 and Proposed Construction as of 1 January 1956", "Current Trends in Sino-Soviet Bloc Construction and Procurement of Merchant and Fishing Vessels", and the "Supply and Use of Ion Exchange Resin". Under arrangements previously established by EDIC, CIA continued to provide to the US enforcement program current intelligence on efforts to evade trade controls.

IV. FUTURE ACTIVITIES

During the year under review there has been an increasing tendency for the economic defense community, because of operational necessity, to deal directly with individual intelligence components. However, in the light of the current U.S. Government review of the multilateral trade control policies and programs and the anticipated negotiations in COCOM and possibly in the Consultative Group late this fall, it is anticipated that EDIC will make significant contributions to the economic defense program through participation both in arranging for intelligence research in support of this program

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and in the production of coordinated intelligence reports. In this connection EDIC also plans to continue its focus on the identification of commodities which are of increasing importance to the Bloc as a result of new scientific and technological developments.

Moreover, upon receipt of guidance from ODM, EDIC will be able to carry out the planning necessary to insure intelligence support in the field of economic warfare under wartime emergency operations.

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Acting Chairman

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TAB A

Completed EDIC Reports

1 July 1956 - 30 June 1957

Designation */	Title	Date Issued
EDIC/R-3 (IAC D-53/8)	Fourth Annual Progress Report of the Economic Defense Intelligence Committee	24 Oct. 1956
EDIC/ID-25	Soviet Gold Sales, 1955	30 Jul. 1956
EDIC/ID-26	Czech Inability to Provide Catalytic Cracking Equipment for Syrian Refinery	8 Nov. 1956
EDIC/ID-28	Free World Deliveries of Ships to the Sino-Soviet Bloc in 1955 and Proposed Construction as of 1 Jan. 1956	18 Jan. 1957
EDIC/ID-29	Propellants Seminar, 13-14 June 1956 "Liquid Propellants (with Appendixes Containing the Previously Unpublished Proceedings on Solid Propellants)"	30 Apr. 1957
EDIC/ID-30	Current Trends in Sino-Soviet Bloc Construction and Procurement of Merchant and Fishing Vessels	1 Apr. 1957
EDIC/ID-31	Supply and Use of Ion Exchange Resins in the Sino-Soviet Bloc	12 June 1957

*/ R - Report (annual)

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TAB B

Other Documents Distributed to EDIC Members

Designation */	Title	Date Issued
EDIC/IR-25	West German Supersonic Testing Equipment	9 Nov. 1956
EDIC/IR-26	Soviet Bloc Sales of Gold in Free World Markets, 1956 (Special Report).	18 Jan. 1957
EDIC/AM-24	Appointment of Executive Secretary	18 Jan. 1957
EDIC/AM-25	Transmittal of EDIC Membership List	1 Feb. 1957
EDIC/AM-26	EDIC Working Group on Propellants and Fuel Additives	9 May 1957

*/ IR - Intelligence Request
AM - Administrative Memorandum

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TAB C

EDIC Cases Pending, 30 June 1957

Designation	Title
EDIC Case 6	Firms Reportedly Purchasing and Operating Ships for Communist China.
EDIC Case 7	Export of Ortho-Toluidine to Communist China.
EDIC Case 10	Pattern of Soviet Bloc Strategic Exports to the West.
EDIC Case 13	Possible Soviet Bloc Use of Magnesium as Fuel.
EDIC Case 15	Soviet Bloc Position and Use of Perchloric Acid and Perchlorates of Sodium, Potassium and Ammonia.
EDIC Case 16	Soviet Attempts to Procure Colloxylin.
EDIC Case 18	Strategic Importance of Aluminum and its Source Materials (including bauxite) to the Sino-Soviet Bloc.
EDIC Case 20	Borax Discovery in Tibet.
EDIC Case 22	Review of Current Status of Bloc Technology in Radio and Television Transmitters and its Possible Military Applications.
EDIC Case 23	Review of Sino-Soviet Bloc Supply, Technology and Possible Military Applications of Polyethylene.

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TAB D

Completed EDIC Cases

1 July 1956 - 30 June 1957

Designation	Title
EDIC Case 11	Soviet Bloc Sales of Gold in Free World Markets In August 1955 MDAC requested that quarterly reports beginning with the first quarter of 1955 be issued by EDIC and that an estimate of Soviet Bloc gold exports for the years 1953 and 1954 be included with the first report. After discussion at several EDIC meetings, this case was closed 21 October 1956 with the request that any important developments be published in special reports. Reported in Tab A as EDIC/ID-25.
EDIC Case 19	Free World Deliveries of New and Used Ships to the Sino-Soviet Bloc in 1955 and Proposed Construction as of 1 January 1956 Reported in Tab A as EDIC/ID-28.

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